SOUTHERN ACTUARIAL SERVICES

Post Office Box 888343
Atlanta, Georgia 30356-0343
Telephone 770.392.0980
Facsimile 770.392.2193
www.southernactuarial.com

September 19, 2007

Trustees of the Retirement Plan for the Employees of the Town of Davie
c/o Mr. Paul Shamoun
Retirement Programs Manager
Florida League of Cities, Inc.
P. O. Box 1757
Tallahassee, FL 32302

Re: Retirement Plan for the Employees of the Town of Davie

Ladies and Gentlemen:

In response to your request, we have estimated the cost of increasing the benefits payable under subject plan, as follows:

(1) Because we do not anticipate future new employees in the valuation, we cannot provide an estimate of the cost of reducing the vesting requirement from six years of service to five years of service for this group. However, we could estimate the cost by valuing one or more hypothetical future new employees under both vesting schedules. In order to do this, we would need to be provided with an expected age at hire and salary at hire for one or more hypothetical future new employees and we would need to know the approximate number of such new hires for each profile.

For the existing group of general employees, reducing the vesting requirement from six years of service to five years of service is estimated to cost 0.10% of payroll, or $10,686 for the 2006/07 plan year.

(2) If the normal retirement age for general employees is reduced from age 60 to age 58, the estimated cost is 0.87% of payroll, or $11,645 for the 2006/07 plan year. If the normal retirement age is reduced to age 56, the estimated cost is 2.21% of payroll, or $52,900 for the 2006/07 plan year. If the normal retirement age is reduced to age 54, the estimated cost is 3.53% of payroll, or $126,107 for the 2006/07 plan year. If the normal retirement age is reduced to age 52, the estimated cost is 5.31% of payroll, or $204,253 for the 2006/07 plan year.

Alternatively, if the service requirement for normal retirement at age 56 is reduced from 30 years to 25 years, the estimated cost is 0.67% of payroll, or $67,968 for the 2006/07 plan year. If such service requirement is reduced to 20 years, the estimated cost is 1.22%, or $58,952 for the 2006/07 plan year.

The plan does not currently provide an early retirement benefit. Therefore, we cannot estimate the cost of reducing the early retirement age unless we know how the early retirement benefit will be determined (i.e., what schedule of early retirement factors will be utilized to calculate the early retirement benefit). If the early retirement benefit is reduced actuarially from the participant's normal retirement age, then there would be no actuarial cost of adding an early retirement benefit.

With regard to the cost of reducing the normal retirement age for those employees who have purchased prior service, the plan could either provide the purchased benefit at the earlier date without charging the employee (i.e. with the employer picking up the cost of the earlier benefit) or the plan could require the employee to make an additional contribution to cover the actuarial cost of receiving the purchased benefit earlier than anticipated originally. The cost estimates shown above are based on the assumption that the employer will pay the increased cost of providing the purchased benefit at the earlier retirement age.

(3) If the benefit formula multiplier for general employees is increased from 2.00% to 2.25% for all service other than prior service that has been purchased by the employee, the estimated cost is 2.45% of payroll, or $247,725 for the 2006/07 plan year. If the benefit formula multiplier is increased to 2.50% for such service, the estimated cost is 4.90% of payroll, or $495,450 for the 2006/07 plan year. If the benefit formula multiplier is increased to 2.75% for such service, the estimated cost is 7.35% of payroll, or $743,175 for the 2006/07 plan year. If the benefit formula multiplier is increased to 3.00% for such service, the estimated cost is 9.80% of payroll, or $990,900 for the 2006/07 plan year.

If the benefit formula multiplier for general employees is increased from 2.00% to 2.25% for service earned after September 30, 2007, the estimated cost is 1.78% of payroll, or $179,767 for the 2006/07 plan year. If the benefit formula multiplier is increased to 2.50% for such service, the estimated cost is 3.56% of payroll, or $359,534 for the 2006/07 plan year. If the benefit formula multiplier is increased to 2.75% for such service, the estimated cost is 5.34% of payroll, or $539,301 for the 2006/07 plan year. If the benefit formula multiplier is increased to 3.00% for such service, the estimated cost is 7.12% of payroll, or $719,068 for the 2006/07 plan year.

(4) If a $100.00 monthly health supplement is added to the plan and this benefit is payable for the life of the employee beginning at his normal or disability retirement date, the estimated cost is 1.42% of payroll, or $143,891 for the 2006/07 plan year. For amounts other than $100.00 per month, the desired monthly benefit should be divided by $100.00 and this quotient should be multiplied by the estimated cost shown above to determine the estimated cost of the alternative health supplement. You should note that the costs shown in this

paragraph do not include a health supplement payable to any beneficiary, to any current retiree, or to any employee who terminates his service prior to retirement.

(5) Once we are provided with the names of the individual employees who would be purchasing additional prior service, we will calculate the cost for each individual.

(6) There is no actuarial cost to the plan of allowing employees to spread the cost of their prior service purchase over a period of up to five years provided that the service purchase cost is amortized over the payback period with interest charged at the valuation interest rate (currently 8.00% per annum).

Please note that the results shown above are based on the participant data and actuarial assumptions used to complete the October 1, 2006 valuation of the plan. The increase in the annual dollar costs shown above are the additional costs for the 2006/07 plan year as if each respective alternative had been adopted as of October 1, 2006. Also, the cost of combining certain alternatives may be more or less than the individual costs shown for each alternative separately. Finally, the costs shown for reducing the normal retirement age do not anticipate the additional cost of providing a new pension benefit to new employees who would replace the current employees who would be eligible to retire earlier. Therefore, the ultimate cost of any alternative that provides for earlier retirement for existing employees will be higher, and in some cases significantly higher, than the amounts shown in this letter.

If you have any questions or would like for us to review additional plan alternatives, please do not hesitate to call me.

Sincerely,

Charles T. Carr

Charles T. Carr
Consulting Actuary